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SUMMARY RECORD OF THE 37th MEETING

Chairman: Mr. MUNTASSER (Libyan Arab Jamahiriya)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.25 p.m.

AGENDA ITEM 115: PERSONNEL QUESTIONS (continued) (A/46/370 and 377, A/C.5/46/2, A/C.5/46/4 and Add.1, A/C.5/46/7, A/C.5/46/9, A/C.5/46/13, A/C.5/46/16 and A/C.5/46/21)

(a) COMPOSITION OF THE SECRETARIAT (continued)

(b) RESPECT FOR THE PRIVILEGES AND IMMUNITIES OF OFFICIALS OF THE UNITED NATIONS AND THE SPECIALIZED AGENCIES AND RELATED ORGANIZATIONS (continued)

(c) OTHER PERSONNEL QUESTIONS (continued)

1. Mr. SPAANS (Netherlands), speaking on behalf of the Twelve States members of the European Community, emphasized that the staff of the Organization was its most important asset and enabled it to play an increasingly important role in dealing with existing and new tasks. Accordingly, the Twelve would like to know why several reports on personnel questions requested in resolution 45/239 had not been issued. Indeed, most of the reports now available had been distributed so late that they could not be given serious consideration by the Committee. Since the agenda item was very important, the Twelve supported the proposals for it to be considered on a biennial basis, for the Committee would then be able to give more time to it. The former framework of budget years and personnel years could be used as a basis for discussion of the biennialization of agenda items.

2. Since the Secretariat was a principal organ of the United Nations, Member States must respect the relevant provisions of the Charter, in particular Articles 97 and 101. Staff members were not the representatives of Member States, and there must be no form of discrimination in making appointments to the Secretariat.

3. The Twelve had taken note of the alternative options for desirable ranges for the geographical distribution of staff in the Professional category and above set out in the report of the Secretary-General (A/C.5/46/2). Discussion of the options could easily take up the remaining time available to the Committee, and the representative of Japan had been right to point out that in any event what one country gained, another lost. The use of desirable ranges was an indicator of the extent to which the Organization was fulfilling the requirements of Article 101, paragraph 3, of the Charter to recruit staff "on as wide a geographical basis as possible". Member States would not be brought within their desirable ranges by changing the relative weight of the factors which determined them. The Twelve emphasized the need for adequate representation of Member States in accordance with the Charter. Geographical groupings could serve only as a basis for comparing statistical data over the years. Representation was better considered individually rather than in the groups indicated in the Secretary-General's report on the composition of the Secretariat (A/46/370). Collectively the Twelve were below the mid-point of

(Mr. Spaans, Netherlands)

the desirable ranges; individually, an increasing number of them was underrepresented and none was overrepresented. They hoped that the Secretary-General would take that fact into account in the recruitment process.

4. The ability of the Secretariat to attract and retain highly qualified staff was a source of concern. The Secretary-General and the International Civil Service Commission (ICSC) should study ways of improving the working climate: good personnel practice required appropriate financial incentives and a consistent career-development policy for all staff. In that connection, more attention should be given to the training of present and future management staff in order to make the United Nations system more challenging and rewarding for highly skilled officials. A professional career-development system should be linked to a competitive promotion policy. The Twelve had studied with interest the views of the staff representatives set out in document A/C.5/46/21.

5. The Twelve agreed with the view expressed by the Secretary-General in his analytical report on the implementation of resolution 41/213 (A/45/226, para. 202) that the concept of an international civil service implied that a significant number of staff would spend a large portion of their careers in the Organization, but that their knowledge and skills when entering did not necessarily equip them for years of service in the Organization. The analytical report also referred (para. 204) to the need to evaluate the training programmes and monitor the optimum utilization of allocated resources. The Twelve would welcome a progress report on those two points in the next personnel year.

6. The Twelve had noted with satisfaction from the report of the Secretary-General on improvement of the status of women in the Secretariat (A/46/377) that some progress had been made in that field. Consistent with the provisions of Article 8 of the Charter, they reiterated their commitment to increasing the recruitment of women, in particular at the highest levels. They urged Member States to put forward qualified women candidates and the Secretariat to step up its search for women recruits. At the previous session, ICSC had correctly referred to the need to overcome "traditional attitudes". The delay in the preparation of the action programme for the advancement of women requested in paragraph 6 of resolution 45/239 C was regrettable; the Secretary-General should submit the programme and the comprehensive evaluation and analysis to the General Assembly in time for the forty-seventh session.

7. The Twelve could in general support the findings of the Joint Inspection Unit (JIU) contained in its report on rotation of staff within the United Nations (JIU/REP/91/3, annexed to document A/46/326), but they would welcome clarification of recommendations 5 (a) and (b). As well as offering opportunities for career development, a rotation system could facilitate redeployment of staff and thus enhance efficiency. However, the advantages must be weighed against the costs, and the Twelve would like to hear the views

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of the Secretary-General and the Advisory Committee on Administrative and Budgetary Questions (ACABQ).

8. The use of competitive examinations for normal recruitment at the P-1 and P-2 levels was welcome, but it might result in a concentration of representation of Member States at the lower levels. The delay in the recruitment of successful candidates was also a source of concern. Paragraph 43 of the report on the composition of the Secretariat indicated that 19 candidates had been recruited to P-1 and P-2 posts outside the context of national competitive examinations. The Twelve would be grateful for an explanation from the Secretariat and recommended improvement of the coordination between the recruitment and examinations units so that one did not undo the work of the other. They favoured the inclusion of the P-3 level in competitive examinations, but care should be taken not to jeopardize the promotion prospects of P-2 staff. Other means of competitive selection might be useful for external recruitment at levels higher than P-3; recommendation 43 of the Group of High-level Intergovernmental Experts was relevant in that regard, as was resolution 43/224 B. In principle, posts should be open to nationals of all Member States, and the decision to open up the procedure for application for D-2 posts was an initial step which deserved to be followed up.

9. The Twelve would welcome clarification of the criteria governing posts subject to geographical distribution. With regard to language posts, they sought information about the number of candidates recruited in the past year, the rules governing eligibility to take the examinations, the grounds on which candidates could be excluded from the examinations, and the way in which the Secretariat applied the concepts of mother tongue and language of education.

10. The introduction of a ten-year limit on the employment of officials at the level of under-secretary-general and assistant secretary-general should be given urgent consideration.

11. As stated in the report of the Secretary-General on secondment from government service (A/C.5/46/9), secondment could be beneficial to both the Organization and Member States. However, the terms for secondment must be spelled out clearly, particularly with regard to the status of the official concerned. A person seconded to the United Nations became an independent international civil servant without any ties whatsoever to his country's Government. The Twelve accepted the legislative changes proposed in the annex to the report and reiterated their commitment to Article 101, paragraph 3, of the Charter as being the standard for the recruitment of staff.

12. The report of the Secretary-General on the administration of justice in the Secretariat (A/C.5/46/7) had not been requested for the current session. Perhaps the Secretariat could explain the reason for its early submission, especially since other reports had not been issued at all. The Twelve were intrigued by the remark in paragraph 25 of the report that the reform

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programme was working "reasonably well"; the increase in the number of cases could be attributed to reasons other than the greater confidence of staff members in the redress procedures.

13. Lastly, the Twelve drew the Committee's attention to the question of the employment of spouses raised in resolution 36/130, on which little action appeared to have been taken. They would welcome further information from the Secretariat and hoped that the issue could be discussed at the next session.

14. Mr. COSTA PEREIRA (Portugal) said that his delegation fully supported the views expressed by the representative of the Netherlands on behalf of the Twelve States members of the European Community.

15. For the second consecutive year, Portugal found itself in the group of underrepresented countries. Competitive examinations were a useful tool for bringing underrepresented countries into their desirable ranges, and the examinations held in Portugal in May 1989 had therefore been welcome. However, 18 months later only one of the two successful candidates had been recruited, notwithstanding the request made in paragraph 5 of part I of resolution 45/239 A for the Secretary-General to expedite the recruitment of successful candidates. Furthermore, the practice of recruiting for P-1 and P-2 posts outside the context of the competitive examinations seemed to defeat their purpose. His delegation would like the Secretariat to justify the 19 exceptions mentioned in the Secretary-General's report (A/46/370, para. 43), for there was a troubling lack of coordination between the recruitment and examinations units. Such coordination should be improved as part of the proposed strengthening of the examinations unit.

16. The recruitment of his country's two successful candidates would bring it just within its desirable range. Portugal had never been represented at the decision-making level, and its three current staff members were at the P-3 and P-4 levels. His delegation emphasized the importance of paragraph 7 of part I of resolution 45/239 A in that respect, in particular the request that service at the level of under-secretary-general and assistant secretary-general should be limited to 10 years. Although paragraph 8 of the same resolution reaffirmed that no post should be the exclusive preserve of any Member State or group of States, paragraph 27 of the Secretary-General's report on the composition of the Secretariat indicated that no improvement had been made in that area: four of the six posts falling vacant had been filled by nationals of the same countries. His country attached great importance to the need to secure staff of the highest standards, but such standards were not restricted to a few persons, and it was to be hoped that the inequitable situation would be corrected.

17. Mr. STÖCKL (Germany) said that his delegation endorsed the statement made by the representative of the Netherlands on behalf of the Twelve States members of the European community.

(Mr. Stöckl, Germany)

18. His country was still underrepresented in the Secretariat. Although an effort had been made to correct the situation by holding competitive examinations in Germany, there had been a regrettable delay in the recruitment of the successful candidates. In future they should be recruited within a reasonable period of time, and at least the most qualified of his country's junior Professional officers should be offered permanent appointments. In order to increase the percentage of women in Professional posts, his country supported the proposal that vacancies for posts at the P-3 and higher levels should be open to external women candidates.

19. In view of the provisions of resolution 45/239, his delegation was confident that, by mid-1992, Germany would no longer be represented at a level below its desirable range. Even a permanent position near the bottom of the range was not desirable, since normal staff turnover could mean a return to the status of underrepresented country. The efforts made by the Office of Human Resources Management (OHRM) to recruit staff from unrepresented and underrepresented States should not be belittled, but it must be pointed out that recruitment from such States had fallen from 29.7 to merely 16.4 per cent since the previous report. It was to be hoped that the coming year would see an improvement in that situation and that staff would be recruited from overrepresented States and States which were near the upper end of their range only in exceptional cases.

20. His Government also wished to have an adequate qualitative representation in the Secretariat. At present, Germany was represented at the policy-making level by only one Under-Secretary-General and two D-2 officers, ranking twelfth with respect to posts at the D-2 and higher levels. That was entirely unsatisfactory, for Germany was the fourth-largest contributor to the Organization and actively involved in its work. The provisions of resolution 45/239 should be recalled in that regard. Eighteen years after its admission to membership in the United Nations his country should be accorded adequate representation with respect to both number and level. His delegation wished nevertheless to pay a tribute to OHRM, which had coped well with a much increased workload in the past year.

21. Mr. ERDENECHULUUN (Mongolia) said that, at a time when a new world order was beginning to take shape, there was a greater need than ever to adapt the activities and structures of the United Nations and improve the coordination of international organizations and the utilization of their resources. The staff was certainly the Organization's most important asset and it should be representative of all Member States on the basis of the principles of equitable geographical representation and proper qualifications. However, unrepresented or underrepresented States had increased in number from 30 to 33, and overrepresented States from 19 to 23. Although the number of unrepresented States had been reduced, the 7 new Member States would force it up from 9 to 16. The Secretariat and Governments must therefore continue their efforts to achieve equitable representation.

(Mr. Erdenechuluun, Mongolia)

22. His own country was one of the most seriously underrepresented States, having only one staff member in the Secretariat even though the mid-point of its desirable range was seven. There was, however, some prospect of improvement: earlier in 1991 the Secretariat had organized preliminary interviews with Mongolian nationals, and a national competitive examination was to be held in 1992. His Government appreciated those moves and was ready to continue to cooperate with the Secretariat. Competitive examinations offered the most objective method of recruitment, and while permanent contracts had their advantages, fixed-term contracts were also useful in bringing in staff with new ideas. The Secretariat must give priority in geographical distribution to women from underrepresented or unrepresented States, for the percentage of women staff members from developing countries remained far below the target of 30 per cent.

23. The report of the Secretary-General on respect for the privileges and immunities of officials of the United Nations and the specialized agencies and related organizations (A/C.5/46/4 and Add.1) noted certain positive developments, but the number of cases of arrest and detention remained very high. His delegation urged the Governments involved to live up to their obligation to respect the privileges and immunities in question.

24. Mrs. CLIFF (United Kingdom) said that her delegation associated itself fully with the statement made by the representative of the Netherlands on behalf of the European Community. It wished, however, to reaffirm its commitment to the relevant provisions of the Charter, contained in Article 8 and Article 101, paragraph 3, and to express its belief that the prerogative of the Secretary-General should be upheld. As the chief administrative officer of the Organization, he deserved the full support and respect of the Assembly in his efforts.

25. Mr. CISS (Assistant Secretary-General for Human Resources Management) said that the Secretariat shared the concern that had been expressed regarding the number of unrepresented and underrepresented Member States and was making great efforts to improve the situation. Its task was complicated by the fact that the number of staff of any given nationality fluctuated as a result of retirements and other separations from service, transfers from posts not subject to geographical distribution, and promotions from the General Service to the Professional category. With respect to the increase in the number of underrepresented States, the situation of three of those States, Djibouti, Dominica and Mozambique, had actually improved, since they had formerly been unrepresented. The underrepresentation of Spain and Botswana was due to the separation from service of some of their nationals - six in the case of Spain and one from Botswana.

26. While respecting the principle that the paramount consideration in the employment of the staff should be efficiency, competence and integrity, the Secretariat recognized the need to intensify its efforts to remedy the situation of unrepresented or underrepresented countries. It would continue

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to make use of national competitive examinations, which had proved to be an effective tool, and it planned to take action along the lines suggested by the representative of Japan to improve geographical distribution and the representation of women.

27. Responding to the questions asked by the representative of Cuba, he said that, first of all, it was often very difficult to convince developing countries to propose candidates and to accept national competitive examinations. Nevertheless, as indicated in Table C of the Secretary-General's report on the composition of the Secretariat (A/46/370), in 1991, 181 of the 371 posts at the D-1 level and above were held by nationals of developing countries. That represented 48.8 per cent over, the highest percentage since 1987.

28. Between June 1990 and July 1991, four women had been appointed to posts at the D-1 level and above, two of them nationals of developing countries. More recently, between 30 June 1991 and 30 September 1991, the percentage of women in posts subject to geographical distribution had risen from 29.2 per cent to 29.4 per cent and the number of women at the D-1 level and above, from 8.6 per cent to 9.5 per cent.

29. There were a number of reasons for the regrettable delays in the recruitment of some of the candidates who had been successful in the 1989 and 1990 national competitive examinations. The Economic Commission for Africa (ECA) and the Economic and Social Commission for Western Asia (ESCWA), which normally absorbed a number of those candidates, had suspended all recruitment as a result of developments in their regions. Furthermore, in connection with the transfer of offices from Baghdad to Amman, a number of ESCWA staff at the P-2 level had been temporarily placed in P-2 posts at other duty stations that would otherwise have been filled by recruitment. Lastly, a number of appointments at the P-2 level had been made outside the context of national competitive examinations under a liberal policy of exceptions - which had now been discontinued - aimed, inter alia, at improving the representation of women. OHRM would be taking steps to strengthen coordination in the identification of posts and the placement of candidates.

30. As the representative of Japan had noted, the number of appointments made in the context of competitive examinations had dropped from 69 to 29 for the period covered by the report. However, it was necessary to take into account the considerable fluctuation in the number of such appointments: there had been an unprecedented 70 in 1990, compared to an average of 30 in previous years. He wished to assure the representatives of Indonesia, Portugal and Romania that every effort was being made to ensure that all the candidates who had been successful in competitive examinations in their countries would soon be recruited.

31. The representative of Denmark, speaking on behalf of the Nordic countries, had requested an explanation concerning the exceptions to

recruitment by competitive examinations for posts at the P-2 level. Under the aforementioned liberal policy of exceptions, 10 women had been recruited to posts at the P-2 level during the second half of 1990. In addition, during the same period, six men had been recruited at the P-2 level for highly specialized posts for which there had been no successful candidates in the competitive examinations. That policy had been discontinued as a result of reservations expressed in the Committee during the forty-fifth session of the General Assembly and in 1991 only three exceptions had been approved, two for candidates whose fields of expertise had not been represented among the candidates successful in the examinations and one for a candidate from an unrepresented country in which it had been impossible to hold an examination.

32. With respect to the distribution of vacancy announcements, the Secretariat would take the necessary steps to ensure that they were issued far enough in advance for all interested Governments to submit candidates. Governments might find it easier to respond if they followed the example of some of their number, which maintained files of interested and qualified candidates for posts which were regularly available within the Secretariat. In that connection, he wished to thank those delegations which had offered to place staff at the disposal of the United Nations Transitional Authority in Cambodia (UNTAC). OHRM would contact them as soon as it was able to identify all the staffing needs.

33. In response to the comments of a number of delegations, he wished to recall the principles governing the geographical distribution of posts. Whether or not a post was subject to geographical distribution did not necessarily depend on the source of financing, but mainly on the functions attached to the post and the method of appointment. Posts in the subsidiary organs listed in paragraph 5 of document A/C.5/46/2 were not subject to geographical distribution, as the heads of those organs, with the explicit approval of the General Assembly, had the authority to make all decisions relating to appointments. For financial reasons, posts in the General Service category, which could be filled locally, were excluded from the system of geographical distribution. Language posts were also excluded from that system, because the skills required were not available in all Member States. In order to guarantee the quality of work, candidates for language posts were required to have as their main language the language into which they would work. While a person's main language was usually his or her mother tongue, it might also be the language in which he or she had been educated, or that spoken in a country in which he or she had worked for many years. In response to the question posed by the representative of the Netherlands on behalf of the European Community, from September 1990 to September 1991, there had been 27 appointments to language posts on contracts for one year or more.

34. Responding to the questions asked by the Indian and Pakistani delegations, he said that the Secretariat currently had 8,981 staff in the General Service category and 718 Field Service staff. Tables indicating the distribution of those posts by nationality would be distributed as soon as

(Mr. Ciss)

possible. Of the 81 new posts requested in the proposed programme budget for the biennium 1992-1993, 39 were General Service posts, 6 were Professional posts in subsidiary organs not subject to geographical distribution, and 36 were posts subject to geographical distribution. From 1987 to 1991, the total number of posts in the Secretariat as a whole had declined from 23,667 to 23,015. Those figures did not include some 2,000 operational posts linked to technical cooperation and humanitarian assistance. By the forty-seventh session of the General Assembly, it would be possible to submit statistical tables indicating the nationality of Secretariat staff serving in posts financed from extrabudgetary resources, in accordance with General Assembly resolution 45/239.

35. As the representative of Romania had rightly stated, the Secretariat needed to concern itself not only with recruiting nationals of unrepresented and underrepresented States but also with retaining them. Unfortunately, a number of staff members, in particular from developed countries, left after only a few years' service. The problem of retention could only be solved by offering Secretariat staff better conditions of service and better career opportunities. The Secretariat would submit proposals for a career development system at the forty-seventh session of the General Assembly. However, in the final analysis, career opportunities would depend above all on the number of supervisory and policy-making posts available and the incentives offered. Morale in the Secretariat was low. As the Secretary-General had already noted on several occasions, the conditions of service had seriously deteriorated. It was essentially up to the Committee to improve them.

36. Mr. FLEISCHHAUER (Under-Secretary-General, the Legal Counsel), referring first to the question of the respect for the privileges and immunities of officials of the United Nations and the specialized agencies and related organizations, said that, as the representative of Senegal had pointed out, paragraph 19 of resolution 45/240 required the Secretary-General to include, to the extent possible, the views of the Member States in the information he compiled on the privileges and immunities of officials. The organizations of the United Nations systems had been asked to submit their contributions to the report, contained in documents A/C.5/46/4 and Add.1 in a circular letter of 23 May 1991, which had placed particular emphasis on that provision. However, since the report was not exclusively a report of the Secretary-General but was submitted by him on behalf of the organizations in question, he could do no more than continue to remind them of their responsibility in that regard.

37. Referring to the statement of the representative of Afghanistan that the three staff members of the Food and Agriculture Organization of the United Nations (FAO) referred to in document A/C.5/46/4 had been released, he wished to point out that, as indicated in section C of annex II to the report, those members had thereupon been promptly conscripted for military service. For reasons that had been explained to the Afghan authorities on several occasions and repeated in the Fifth Committee during the forty-fifth session, the United Nations continued to insist that those staff members should be exempt from

(Mr. Fleischhauer)

military service for the duration of their employment with FAO and should be given the opportunity to resume their duties.

38. The representative of the Sudan had said that it was possible for Sudanese nationals working for the United Nations to request exemption from the so-called voluntary national contribution payable upon renewal of their passports and had maintained that that contribution was not an income tax. Once again, the position of the Organization, reflected in document A/C.5/46/4/Add.1, was that those payments were levied on the basis of income and constituted a tax on the salaries of United Nations officials. Further discussions with the Sudanese authorities were therefore necessary.

39. According to the representative of Israel, it was the practice of the Israeli authorities to inform the directors of United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) offices in the administered areas, upon request, as to the circumstances of the detention of UNRWA staff members and details of trials and judgements. A lengthy and very blunt rebuttal of that contention had been received from UNRWA and would be transmitted to the Permanent Mission of Israel. He hoped that the resulting discussions would lead to positive results.

40. With respect to the question of secondment, the Ukrainian representative had questioned the Legal Counsel's unilateral determination of the secondment status of staff members of Ukrainian nationality without any consultation with the Government concerned. As a result of United Nations Administrative Tribunal judgement No. 482, the Secretary-General had been required to examine all existing secondment contracts to determine whether the terms and appointment procedures used met the Tribunal's complex requirements. Asking a Government for its views as to the status of seconded staff would not assist in making that determination. In accordance with paragraph 4 of section II of resolution 45/239, the Secretary-General was required, under resolution 37/126, to give such staff every reasonable consideration for career appointment after five or more years of continuing good service. In so doing, the Secretary-General was to exercise his own discretion on a case-by-case basis. Moreover, in the view of the Administrative Tribunal, the existence of a rotation policy per se was not a sufficient reason to refuse an offer of permanent appointment. If a staff member should seek an appointment while on secondment, that appointment would, of course, require the consent of the Government. The difficulties involved in determining whether a potential secondment was valid had led the Secretary-General to propose a simplified procedure, which was set out in the amendments to the Staff Regulations proposed in the annex to his report (A/C.5/46/9).

41. The representative of China had stated that, during the whole period of secondment, the status of seconded staff should remain unchanged, that the establishment and extension of secondment contracts should be decided through consultation with the three parties involved, and that the notion that, after a certain period, one of those parties should no longer have any right to say

(Mr. Fleischhauer)

anything about arrangements for seconded staff was unacceptable and unjustifiable. The Secretary-General was bound by the aforementioned provisions of resolution 37/126. Both the Administrative Tribunal and the International Court of Justice had upheld the applicability of that resolution to seconded staff members. Unless the General Assembly decided to amend the resolution, the Secretary-General was obligated to apply it to all staff members.

42. In response to the request for clarification from the delegation of Senegal, he said that the amendment suggested by the United States delegation to the change proposed in paragraph (c) of the annex to the report (A/C.5/46/9) was in line with the Tribunal's requirements. It would, in any event, be useful for the documentation in question to be attached to, or noted in, the United Nations letter of appointment.

43. The question of the representation of all major legal systems in the Secretariat was an aspect of equitable geographical distribution as established by the Charter. Secondment could play a useful role in ensuring such representation, as could national competitive examinations.

44. With regard to the exceptional practice of replacement, he noted the general principle reaffirmed in General Assembly resolutions 35/210, 41/206 B and 43/224, that no post should be considered the exclusive preserve of any Member State or group of States. Furthermore, the Administrative Tribunal had concluded that the replacement practice contravened the provisions of Article 101, paragraph 1, of the Charter and was inconsistent with the requirement that efficiency, competence and integrity should be the paramount considerations in the appointment of staff. It could therefore be assumed that the Administrative Tribunal would continue to oppose the replacement practice in future judgements. The view expressed by the Secretary-General in his report (A/C.5/46/9), that the replacement procedure should cease and all posts should be filled through the normal recruitment and placement procedures, without prejudice to his commitment to ensure equitable geographical representation, was consistent with the Charter and the Staff Regulations.

AGENDA ITEM 114: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/46/11 and Add.1 and Add.2/Rev.1)

45. Mr. JU Kuilin (China) said that the use of capacity to pay as the fundamental criterion for determining the scale of assessments had been widely accepted for many years. The capacity to pay of Member States was currently measured by their national income, duly adjusted by the low per capita income allowance formula. China supported the raised upper per capita income level of $2,600 proposed by the Committee on Contributions in response to changes in the world economic situation and to the sharp increase in the financial obligations borne by low-income developing countries. China also supported the practice of adjusting the upper limits in accordance with changes in the average world per capita income in determining future scales of assessment.

(Mr. Ju Kuilin, China)

46. The economic development of the developing countries was seriously hampered by their debt problems and the current debt relief formula, based on a debt service ratio of 12 per cent, was still not in line with the real circumstances. In the absence of a better formula, China would accept the 12 per cent ratio but urged the Committee to work out a more realistic solution to the problem as soon as possible.

47. Ad hoc adjustments were useful for countries whose capacity to pay had been undermined by natural disasters and regional upheavals. China commended Japan for the contributions it had made in the ad hoc adjustment process and hoped that other developed countries with a stronger capacity to pay would also support the ad hoc adjustments.

48. His delegation supported the new scale of assessments recommended by the Committee on Contributions and accepted the proposed scales for the Baltic States and the corresponding deduction from the Soviet Union's rate of assessment. That scale of assessments was consistent with the provisions of resolution 45/256 and China hoped, therefore, that the General Assembly would approve the scale and endorse its use for the next three years in accordance with the rules of procedure of the General Assembly.

49. The scale of assessments was of vital importance in securing the financial resources of the Organization and the preparation of an equitable and reasonable scale was therefore an issue of major concern to every Member State. While the present methodology was in general conformity with the principle that the financial obligation of a Member State should be determined by its capacity to pay, certain inconsistencies remained in such areas as the national income factor and the debt relief formula. His delegation hoped that further improvements could be made in those areas to ensure that future scales were more equitable and their methodology simpler, more transparent and stable over time.

50. China did not accept some of the views expressed in paragraphs 47 and 48 of the report of the Committee on Contributions (A/46/11) as those views deviated from the capacity-to-pay principle and suggested that Member States should be allowed to buy their rights and prerogatives. That was directly contrary to the spirit of sovereign equality among States provided for in the Charter.

51. Mr. AYEWAH (Nigeria) said that the debate on the apportionment of the expenses of the United Nations continued to be a matter of great controversy, particularly with regard to the issue of equity in the scales of assessment. Nigeria believed that, while capacity to pay remained a strong basis for the scale of assessments, national income should be the fundamental criterion in its determination.

52. While he supported the decision of the Committee on Contributions to raise the upper per capita income level to $2,600, that level still did not

(Mr. Ayewah, Nigeria)

adequately reflect the true economic situation in countries like Nigeria which were implementing structural adjustment programmes, and he felt, therefore, that a $3,000 upper per capita limit would be a more realistic level of assessment for developing countries. The $3,000 limit could be adopted after the three-year period of the current assessment, unless there was a dramatic change in the economic performance of the developing countries.

53. With regard to the statistical base period, Nigeria believed that a 10-year period was not appropriate for developing countries in view of the instability of their economies caused by recent structural adjustments and fluctuating exchange rates. Consequently, his delegation believed that three, or at most five, years would be a more realistic statistical base period for the developing countries and hoped that those considerations would be borne in mind for the next assessment period.

54. Nigeria supported the continued use of exchange rates and population growth data supplied by both Member States and non-member States as such information would reduce the incidence of over-assessment or inadequate assessment of some Member States.

55. While his delegation did not object to the use of the debt adjustment approach in the preparation of the new scale of assessments, it noted that the current formula gave relief to countries with large outstanding debts, rather than to those which were making payments. It therefore believed that the approach required further refinement.

56. His delegation supported the retention of the scheme of limits, which protected developing countries from the impact of substantial changes in the scale of large countries, as it had no viable alternative except the voluntary redistribution of points from major beneficiaries of the scheme of limits to those most disadvantaged. He was disappointed to note that only one country from the industrialized group had offered part of the benefits it received from the application of the scheme of limits for distribution.

57. A technical solution to the issue of price-adjusted rates of exchange (PARE) was required to permit the systematic adjustments of national income necessitated by relative price changes. His delegation looked forward to future reports by the Committee on Contributions on that matter.

58. He welcomed the initiative of the Committee on Conferences in holding an information meeting to enable Member States to make any necessary ad hoc adjustments and urged it to maintain that procedure. In conclusion, he expressed his support for the report and said he hoped that it would be adopted on a three-year trial basis for the period 1992-1994.

59. Mr. ZAHID (Morocco) said that the recommendations by the Committee on Contributions concerning the period of applicability did not contradict General Assembly resolution 45/256 on the scale of assessments. The General

(Mr. Zahid, Morocco)

Assembly had sole competence for determining the period of applicability, which, in any event, could not be less than three years.

60. Morocco accepted the decision by the Committee on Contributions to set an upper per capita income level of $2,600, but believed that the impact of the new level on the scale of assessments would be very limited.

61. The allowance formula for lower per capita income countries had been based on the assumption that total external debt outstanding was repaid on the average in eight years and it failed to reflect the different debt structures in each country and the different repayment periods. The application of debt-relief measures to the national income of indebted countries gave a better reflection of the relative capacity to pay of States Members and should therefore be supported.

62. While Morocco did not oppose the 10-year period retained by the Committee on Contributions for the preparation of the scale, it believed that the period should not be so long that it ceased to reflect the real economic situation of Member States, and, consequently, their capacity to pay.

63. The economic situation of floor-rate countries remained precarious and the rates of assessment of those countries should not, therefore, be revised unless their economic situation showed a substantial improvement.

64. Morocco supported the scale of assessments proposed by the Committee on Contributions for a period of at least three years. It would also support consideration of any proposal aimed at ensuring greater equity in the distribution of the Organization's expenses among Member States.

65. Mr. ENGFELDT (Sweden), speaking on behalf of the Nordic countries, said that the scale of assessments should divide the burden of financing activities under the regular budget in an equitable manner. The obligation to bear the Organization's expenses as apportioned by the General Assembly, on the basis of the Fifth Committee's deliberations, was absolute and unconditional, in accordance with Article 17 of the Charter. The United Nations could operate only on a sound financial basis, which meant that Member States must pay their assessed contributions in full and on time. The amounts involved were very limited; given that fact, and considering the benefits that all Member States derived from their membership, the Committee's discussions should be guided by a spirit of generosity and a sense of proportion.

66. Although the Nordic delegations had reservations with regard to some of the ways in which the proposed scale of assessments for the period 1992-1994 had been calculated, they viewed it, in a spirit of compromise, as a realistic basis for agreement. The expert status of the Committee on Contributions must be respected. In fact, the proposed scale was already out of date, owing to the admission of seven new Members to the Organization. In that connection, he noted the provisions made in respect of the Democratic People's Republic of

(Mr. Engfeldt, Sweden)

Korea and the Republic of Korea in the report of the Committee on Contributions (A/46/11, paras. 25-27), and the fact that it had been suggested that Micronesia and the Marshall Islands should be assessed at 0.01 per cent. The Nordic countries were sympathetic to the proposal that a decision on the rates of assessment for the Baltic States should be deferred pending the completion of a study by the International Monetary Fund (IMF) on their economies, including the complex issue of determining appropriate exchange rates. He noted that particular considerations had been applied in the case of several countries where exchange rates might have resulted in assessments that did not accord with their capacity to pay. Such considerations should be applied to all Member States when calculating rates of assessment.

67. The Nordic delegations agreed that the rights and obligations of Member States were quite different from those of non-member States, and that Member States with similar national incomes and populations should be assessed at comparable levels. The main principle in calculating the scale of assessments should remain capacity to pay, as determined on the basis of national income data provided by Member States and amended by other elements.

68. Serious consideration should be given to abolishing the scheme of limits. The use of longer base periods, which smoothed out economic changes over time, eliminated the need for the scheme. The 10-year statistical base period should thus be retained.

69. The Nordic delegations agreed with others that in applying the mitigation process, the Committee on Contributions had not complied with the criteria specified in General Assembly resolution 45/256. He hoped that the Committee on Contributions would be given a mandate to continue its discussions on possible adjustments of the methodology with a view to proposing a new methodology that would gain the confidence of all Member States. Deliberations on that matter should be guided by the consideration that the United Nations was an instrument of all nations of which all were proud to be Members.

70. Mr. TEMEL (Turkey) said that, notwithstanding the many difficulties inherent in establishing capacity to pay, that remained the best criterion for determining assessments because it ensured fairness and equity. The length of the statistical base period was very important. While a short period might better reflect a country's current economic situation, the 10-year base period currently used was preferable since fluctuations in national economies could be smoothed out. Accordingly it should be retained.

71. The increase in the upper per capita income limit to $2,600 would provide a better indication of the capacity of Member States to contribute. That increase, with the continued application of an 85 per cent relief gradient, had resulted in an 8.27 per cent redistribution, before adjustment for the floor and ceiling and scheme of limits. The result had been that the contributions of 31 countries, mostly developed countries, had increased in

(Mr. Temel, Turkey)

percentage terms, while those of 49 countries, mostly developing countries, had decreased. Given the great importance and the impact of adjusting the upper per capita income limit, he hoped that the level would again be reviewed in future years, although excessive increases in the limit might benefit Member States which were not developing countries.

72. External debt was one of the major problems confronting developing countries, and debt relief had been the most controversial issue during the forty-fifth session. The inclusion of debt relief helped to promote fairness and equity in determining assessed contributions. The Committee on Contributions, in proposing the scale of assessments for the period 1992-1994, had made use of the debt adjustment approach employed in the current scale. Yet the total redistribution impact of the current debt relief component was only 0.71 per cent, which was inconsistent with the importance many delegations attached to debt relief. His delegation could, however, accept the continued use of the current debt adjustment level since there seemed to be no viable alternative for the time being. Work on devising the best means of reflecting the debt burden should continue. In that connection, his delegation supported the use of World Bank data on indebtedness.

73. The continued application of the scheme of limits had a distorting effect when the upper per capita income limit and debt relief were taken into account, since it eliminated some of the benefits that would accrue to various countries with low per capita incomes. That result was clearly in conflict with the principle of capacity to pay. The scheme of limits should be modified accordingly.

74. His delegation preferred the continued use of a three-year period for the scale of assessments since it provided stability and continuity. The application of price-adjusted rates of exchange (PARE) to national and per capita income in United States dollars offered a more systematic alternative to the ad hoc practice followed by the Committee on Contributions, although further study was needed before it could be integrated into the current methodology.

75. Lastly, his delegation agreed that there was a need to increase the transparency of the work of the Committee on Contributions, and that interested Member States should be given easier access to the statistical information on which the Committee based its decisions, including access to restricted documents containing national income information provided by Members to the Statistical Office.

76. Mrs. ANZOLA (Venezuela) said that her delegation had no objection in principle to the scale of assessments proposed in document A/46/11/Add.2/Rev.1, although she was not convinced that the recommendations of the Committee on Contributions were completely appropriate. The proposal to deduct the combined assessments of the Baltic States from that of the USSR and the increase in the scale to 100.02 per cent so as to incorporate the

(Mrs. Anzola, Venezuela)

Marshall Islands and Micronesia seemed inappropriate. The most prudent course would be for the Statistical Office to propose a new scale incorporating those five new Member States, which would result in a scale of 100 per cent.

77. While the Committee on Contributions had largely followed the instructions given by the General Assembly, her delegation saw no justification for the 85 per cent relief gradient when applying the low per capita income allowance formula; any deduction should be at 100 per cent. Debt relief should be applied only to developing countries, and should not be available to members of the Organisation for Economic Cooperation and Development (OECD), as had occurred on some occasions.

78. Her delegation had serious reservations regarding the ad hoc adjustments to the machine scale. The Committee's decision to grant 20 points to one country, which was equivalent to 40 per cent of the total available, ran counter to the views expressed in the Fifth Committee at the forty-fifth session and to the recommendations of the Committee on Contributions which had been endorsed by the General Assembly in resolution 45/256. The situation would be made worse if the contributions of the Baltic States were deducted from the assessed contribution of the State in question.

79. Her delegation regretted the attempt by the Committee on Contributions to reduce the impact of the scheme of limits by application of the mitigation process. A new element of friction had been introduced thereby. Her delegation did not accept the suggestion in paragraph 39 of the Committee's report (A/46/11) that there were "traditional" ad hoc adjustments; that implied that there were others that were not. Such an approach undermined the validity of mitigation, to the detriment of many developing countries. The scheme of limits should be amended or eliminated if it created more problems than it solved.

80. The three-year period of validity of the scale should be retained, in accordance with the recommendations of the Committee on Contributions, which in turn reflected the views of the General Assembly.

81. On the question of the instructions that should be given to the Committee on Contributions in its future work, she noted that the statistical base period should be made shorter so that it would better reflect capacity to pay at the time of payment. A five- or seven-year period would be preferable, and, if applied to the proposed scale, would, in general terms, benefit developing countries. Accordingly, the Committee on Contributions should attempt to define a base period - shorter than 10 years - that would best balance the criteria of capacity to pay at the time of payment and stability.

82. Debt relief should be given greater emphasis. The Committee on Contributions should continue its work on the application of that principle so as to avoid any accrual of the benefits to OECD countries or to countries which, while debtors, were also major creditors. Her delegation agreed that

(Mrs. Anzola, Venezuela)

further refinement of the low per capita income allowance formula was needed, together with periodic updating, in order to reduce uncertainty for those countries affected by it. The establishment of ceiling and floor rates, being a political issue, was more within the competence of the General Assembly.

83. The scheme of limits suffered from the defect that one country absorbed a disproportionate percentage of the points deducted from countries benefiting under the scheme. The Committee on Contributions should revise that aspect of the methodology.

84. The main component of the formula was income, and the Committee on Contributions should therefore give further consideration to alternatives to the use of national income. Various proposals which had been made at previous sessions should be reviewed. Her delegation did not object to the use of price-adjusted rates of exchange (PARE), but was not convinced that they should be universally applied. The Committee on Contributions should prepare a document clarifying the impact of their application to the scale of assessments, as requested by her delegation at the forty-fifth session.

85. Regarding the suggestions that criteria other than capacity to pay should be used, there was a risk of introducing subjective elements that would make preparation of the scale a much more difficult exercise. The introduction of such elements as membership of main organs or representation in the Secretariat would simply result in confusion and friction, and were, in any event, largely irrelevant. A more positive approach would be to maintain capacity to pay as the fundamental criterion, while endeavouring to ensure that the methodology reflected that criterion in the most transparent manner possible.

86. Lastly, the Committee on Contributions should reflect the broadest possible spectrum of technical opinions as to how its work might be improved. Its membership should also be expanded to reflect the changes which had taken place in the Organization in recent decades.

87. Mr. CLAVIJO (Colombia) said that discussion of the scale of assessments had been rendered more difficult by the promotion of individual and short-term interests in considering an inherited situation of scant rationality. A return to fundamental principles was the only way of avoiding repeated confrontations between ad hoc interests. Such an approach would be more profitable than temporary alliances between delegations in defence of an indefensible scale.

88. The haste to devise a scale to be applied from 1992 onwards seemed to be prevailing over the need for careful consideration of the principles that should be applied. Delegations should bear in mind that their contributions were not merely an expense but an investment which should contribute to more effective and equitable participation in the Organization. While the benefits of such a change would outweigh any marginal reduction in the contributions of developing countries, there was a need for a more equal distribution.

(Mr. Clavijo, Colombia)

89. In order to reflect capacity to pay, the scale should be based on a combination of two principles: size and economic strength. In that connection, the use of appropriate exchange rates had become critical in determining the real size of economies. The Committee on Contributions should therefore replace its ad hoc decisions by official consultations with a competent technical body, such as IMF. Given the erosion in real terms of the low per capita income allowance, it would be preferable to establish an objective benchmark that would adjust the allowance automatically in line with world economic developments, an approach which would make the use of the relief gradient unnecessary. Moreover, the use of the long statistical base period made the scheme of limits redundant. With the removal of that element, the rationalization sought in the arrangements for the mitigation process would be achieved.

The meeting rose at 6.10 p.m.

UNITED NATIONS

General Assembly

FORTY-SIXTH SESSION

Official Records

FIFTH COMMITTEE
38th meeting
held on
Tuesday, 19 November 1991
at 3 p.m.
New York

SUMMARY RECORD OF THE 38th MEETING

Chairman: Mr. MUNTASSER (Libyan Arab Jamahiriya)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.25 p.m.

AGENDA ITEM 116: UNITED NATIONS COMMON SYSTEM (continued) (A/46/30 and A/46/275; A/C.5/46/28, A/C.5/46/31, A/C.5/46/33 and A/C.5/46/35)

AGENDA ITEM 117: UNITED NATIONS PENSION SYSTEM (continued) (A/46/9 and A/46/614; A/C.5/46/15, A/C.5/46/31 and A/C.5/46/33)

1. Ms. VUORINEN (Finland), speaking on behalf of the Nordic countries, said that the Committee should not forget that the complex technical issues before it translated into concrete terms in the lives of more than 50,000 individuals employed within the common system in 180 countries and territories, a majority of whom worked in the field, where conditions varied greatly. The Committee should also be aware that personnel costs accounted for some 75 per cent of the United Nations budget.

2. The Nordic Governments strongly supported the common system, as it had been created, to regulate and coordinate conditions of service. Accordingly, they shared the concerns of the International Civil Service Commission (ICSC) over the decisions of the International Labour Organisation (ILO) and the International Telecommunication Union (ITU) to add new elements to their pension schemes, and trusted that increased contacts would take place between the Commission and the various organizations of the common system in order to avoid such unfortunate incidents.

3. The Nordic delegations endorsed in principle the recommendations made by ICSC in its report, although they would have wished that the views expressed by the staff and by the Administrative Committee on Coordination (ACC) could have been more extensively considered.

4. Since 1984, the system which regulated Professional remuneration had been operating under the 110-120 margin range, while General Assembly resolution 44/198 had called for the Commission to ensure that the margin should average 115 over a five-year period beginning in 1990. ICSC had recommended that the 115 five-year average for the margin should be eliminated in order to avoid a prolonged freeze on remuneration, which would have a negative impact on the common system. The Commission had identified two alternative approaches for the years 1992 and 1993 to take account of the anticipated pay increases by the comparator beginning in 1994 and the projected drop in the margin at that time. The Commission had recommended the alternative involving partial classes of post adjustment as long as the 120 limit was not exceeded, in an endeavour to provide at least marginal compensation for inflation. Since that alternative did not definitely exclude the possibility of a freeze, the Nordic Governments wished to continue discussion of the item in informal negotiations in order to reach a solution that would be acceptable to all and that would at the same time address the important issue of restoring the competitiveness of United Nations salaries. In addition, they would welcome further studies on those issues to be submitted at the forty-seventh session, as suggested by ICSC and ACC.

(Ms. Vuorinen, Finland)

5. One goal of the review of the conditions of service of the Professional and higher categories had been to simplify the complex remuneration and benefits system. The base/floor salary scale had been introduced in order to provide minimum amounts to be paid system-wide, to reward mobility and compensate for hardship conditions. It seemed that staff were indeed being attracted to hardship duty stations, and she looked forward to the ICSC report on the system at the forty-seventh session. The Nordic Governments were willing to consider favourably the ICSC recommendation for an increase in the base/floor salary scale by 8.6 per cent with effect from 1 March 1992, but would like clarification of the associated costs charged to extrabudgetary resources.

6. The fundamental goal of the pension scheme should be to guarantee participants, on retirement, a benefit which would allow them to support themselves under conditions which did not markedly differ from those they had enjoyed during their last years of service.

7. The comprehensive review of pensionable remuneration and pensions for General Service staff, to be undertaken by the Commission together with the United Nations Joint Staff Pension Board, was an important and complex operation. It was essential to determine the most equitable approach, and to consider whether the pensions of both Professional and General Service staff should be determined on the basis of the same principle. The Nordic Governments concurred in the recommendation of ICSC that the current methodology should be used pending completion of the requisite studies, and accepted the revised staff assessment scale to be applied from 1 January 1992. She noted the recommendations concerning the determination of pensionable remuneration for ungraded officials, who should also be included under the common system.

8. With regard to the Commission's views on the recommendations of ACC (A/46/30, vol. II, paras. 29-46), the Nordic delegations reiterated their view that ACC representatives and representatives of the staff should participate in the informal consultations of the Fifth Committee on the report of ICSC (recommendation 7). The Nordic Governments adhered to the principle of direct negotiation of conditions of service. ICSC had noted that the proposal of the Federation of International Civil Servants' Associations (FICSA) on that issue was contrary to the Commission's statute and incompatible with the staff rules and regulations of the organizations (A/46/30, vol. II, para. 48). If that was indeed the case, procedures should be developed at the earliest possible opportunity to allow for the fullest possible consultations with the staff.

9. The General Assembly, in its resolution 45/242, had requested the United Nations Joint Staff Pension Board to give priority to the development of a long-term approach to the determination of initial local currency pensions and to submit recommendations on the pension adjustment system at the current session. The Board's proposals involved modifying the four parameters currently used to determine initial local currency pensions and would have an

(Ms. Vuorinen, Finland)

estimated cost of 0.3 per cent of pensionable remuneration. The Nordic delegations were willing to consider the Board's proposals favourably, but since the proposals would result in additional costs and an actuarial imbalance, the Nordic Governments concurred in the view of the Advisory Committee (A/46/614, para. 22) that the Board should continue to "fine tune" its proposals in order to limit the costs.

10. With regard to the 8.9 per cent return on the Pension Fund's investments, which represented a real rate of return adjusted for inflation of 3.8 per cent, the Nordic Governments considered the results to be good, and supported the proposals in the draft resolution contained in annex XIX to the Board's report (A/46/9), including the suggested contribution to the emergency fund for the biennium 1992-1993.

11. Mr. NASSER (Egypt) said that initiatives to bring about a further improvement in the functioning of ICSC should respect the letter and spirit of the Commission's statute. His delegation viewed as unfair and unwarranted the criticism that ICSC had become increasingly politicized and that changes in the selection process for appointing new members were needed. He noted with regret that ILO and ITU had taken unilateral action with regard to their pension schemes, disregarding the implications for the common system. The General Assembly must support the Commission against those who might seek to weaken the common system.

12. He concurred in the Commission's recommendations regarding the methodology for determining the pensionable remuneration of ungraded officials, and welcomed the in-depth approach taken by ICSC in its review of pensionable remuneration for the General Service category. An examination of the drawbacks inherent in the current system should result in a simpler and more satifactory methodology.

13. With regard to the concern voiced over the possibility of an automatic freeze on the remuneration of staff in the Professional category if the margin exceeded the upper limit of 120, he noted that such a possibility had been implicit in the decision to establish a margin range. The argument that the United States Government had recognized that its civil service pay levels lagged some 30 per cent behind comparable pay in the private sector, and that it would immediately initiate action to bring its pay levels into line with the private sector, were not relevant in the context of the United Nations. His delegation believed, however, that a freeze should be avoided as far as possible, while Professional remuneration should remain within the margin range. Accordingly he supported the Commission's recommendations that the decision requiring ICSC to manage the margin around the mid-point of the range should be rescinded and that the post adjustment system should be managed within the current margin range (A/46/30, vol. I, para. 116).

14. His delegation noted with appreciation that the United Nations Joint Staff Pension Fund had secured a real rate of return of 3.8 per cent on its investments for the year ending 31 March 1991. The Fund's portfolio

(Mr. Nasser, Egypt)

structure, however, still did not reflect the guidelines established by the General Assembly for the geographical diversification of the Fund's investments, only 13 per cent of which were in developing countries. The economic restructuring under way in many developing countries should help to stimulate investment by the Fund in their economies.

15. On the important question of General Service pensionable remuneration, it was important that all the alternatives should be given thorough consideration by staff, administrations and Member States before any decision was taken.

16. He noted with appreciation the decrease in the actuarial imbalance, although an actuarial balance had not yet been achieved, despite the increased rate of contribution approved at the forty-fifth session. The Board seemed to be contemplating further increases in the rate of contribution, but it might be preferable for it to review pension benefits and reduce its administrative expenses. Lastly, he concurred in the view of the United Nations Joint Staff Pension Board (A/45/9, para. 194) that its recent practice of making recommendations by consensus had lessened the urgency of reconsidering the proportionate representation of the General Assembly in the Board.

17. Mr. THIRUNUGARAN (Singapore), noting that the investment potential available to the Organization amounted to almost $10 billion, said that the real rate of return achieved by the Pension Fund seemed modest. It would be helpful if the Secretariat would circulate a paper indicating the investment philosophy of the Investment Committee and its rationale for investing in the currencies listed in Table 3 of document A/C.5/46/15.

18. Mr. FORAN (Acting Under-Secretary-General, Representative of the Secretary-General for the Investments of the United Nations Joint Staff Pension Fund) said that the Fund operated on the basis of an actuarial assumption of a 3 per cent return, and that the real rate of return of 3.8 per cent achieved in the year under review was therefore satisfactory.

AGENDA ITEM 114: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/46/11 and Add.1 and Add.2/Rev.1)

19. Mr. DINU (Romania) said that the item under consideration was possibly the most important on the Committee's agenda, and his delegation hoped that the negotiations would be conducted constructively, even though some delegations felt some unease about their possible outcome. With an eye to consensus, uncompromising tactics should be avoided, for the decision reached on such a difficult topic would never satisfy everybody.

20. His delegation was ready to support the recommendations of the Committee on Contributions and adopt the new scale of assessments for the years 1992, 1993 and 1994. However, on the question of methodology it seemed that the Committee had made no changes except to increase the upper per capita income limit in the low per capita income allowance formula. His delegation was

(Mr. Dinu, Romania)

willing to negotiate an agreement mandating further work on the methodology. The Committee on Contributions was an expert body, and its role as such should not be obscured by political considerations.

21. The principle of capacity to pay had stood the test of time and should be retained, with due account taken of all the relevant factors. A compromise formula could be worked out for the statistical base period; a shorter period might capture better the sharp variations in national product in turbulent periods. Some delegations had questioned the validity of the scheme of limits, but there, too, it should be possible to work out a formula to be applied after the period of the new scale of assessments.

22. Turning to the question of the Romanian economy, he said that the picture was grim, with domestic problems compounded by the consequences of certain international developments. His country was still feeling the effects of its compliance with the sanctions imposed against Iraq by the Security Council. It would continue to comply fully with Security Council decisions but felt entitled to ask for cooperation in order to mitigate the consequences. It must be made clear that Romania's current capacity to pay was fast approaching zero.

23. Mr. BELHAJ (Tunisia) said that the payment by each Member State of its contributions to the United Nations was the first positive gesture made by members of the international community at the beginning of each fiscal year to demonstrate their commitment to the Organization. However, those contributions sometimes represented a heavy burden, particularly for the developing countries, which, for reasons beyond their control, faced major economic difficulties. The growth of the Organization's budget, together with the proliferation of peace-keeping operations and voluntary contributions, had a serious impact on national finances. However, the amounts involved were not disproportionate, and his country always paid its contributions speedily and in full.

24. The methodology for establishing the scale of assessments must be governed by the principle of capacity to pay. That capacity was difficult to establish, for many factors had to be taken into consideration. Since the methodology could favour some Member States and disadvantage others, it must be free of any ambiguity. In particular, any mitigation in respect of foreign debt must take into account the attitude of those countries which, despite their difficulties, met their foreign debt obligations: they were the countries which should be granted adjustments for debt. They were not, in fact, always given due attention, and his delegation called upon the Committee on Contributions to study the question further. In addition, some delegations were rightly worried that the debt factor also worked to the benefit of developed countries with large foreign debts. There was a fundamental difference between a developing country which was forced to borrow because of a hostile international economic system and a developed country which borrowed for reasons of economic policy.

(Mr. Belhaj, Tunisia)

25. The upper per capita income limit should be adjusted upwards. While the proposal to set it at $3,000 might be difficult to accept, it could be fixed at $2,800, as suggested in paragraph 17 of the report of the Committee on Contributions (A/46/11). The proposals concerning the statistical base period would make no difference to his country, but it would prefer the Committee to use the period closest to the date of the entry into force of the scale of assessments. Otherwise, intervening events might jeopardize the application of the principle of capacity to pay. A period of three years would certainly be preferable to the current period of 10 years.

26. His delegation had welcomed the opportunity to address the Committee on Contributions at an information meeting during its latest session. It still thought that the Committee's work should be made more transparent. The information meeting had, in fact, merely provided an opportunity for some countries to make statements about their economic difficulties as they argued for the award of ad hoc adjustment points. His delegation thought that economic difficulties should be reflected in the scale itself and it maintained its reservations about the concept of ad hoc adjustments. Their use demonstrated the imperfections of the methodology for establishing the scale of assessments. The report showed that the adjustment mechanism gave too much weight to certain contributors and that the adjustment criteria established by the General Assembly were not respected. Therefore, the issues of principle and of application warranted an answer; paragraph 40 of the report, in particular, must be clarified by the Chairman of the Committee on Contributions.

27. Mr. SHAH (Pakistan) said that the principle of capacity to pay should remain the basis for the assessment of contributions. Despite its shortcomings, it enabled Member States to meet their obligations to the Organization, while providing progressive relief for the poorer countries. His delegation welcomed the efforts made by the Committee on Contributions to determine a scale based both on the methodology underlying the principle and on the presentations made by Member States. It endorsed the recommendation that the new scale should be adopted for the years 1992, 1993 and 1994.

28. The possible future adjustments of the current methodology set out in chapter VIII of the report of the Committee on Contributions, would complicate the process instead of resolving the minor difficulties. Any attempt to link assessments to membership of United Nations organs would run counter to the whole concept of universality, for it would discourage developing countries from seeking membership of the principal organs. However, the Committee on Contributions would be constantly revising assessments with each membership change. Instead, the Fifth Committee should try to determine how well the Committee on Contributions had carried out its mandate and how effective the present methodology had been. In his delegation's view, the Committee had carried out its mandate with thoroughness and objectivity.

29. Turning to the review of the upper per capita income limit, he said that the comparison set out in paragraph 16 of the report indicated that the

(Mr. Shah, Pakistan)

average per capita incomes and the per capita income limits were at present almost the same. The decision to set the upper limit at $2,600 was in line with economic realities, but that limit had resulted in higher rates for some developing countries and lower rates for some developed countries. Furthermore, since the proposal to raise the limit above $2,600 would benefit some non-developing countries, it should be rejected.

30. In the present economic situation the debt adjustment approach was very important. The calculation of debt relief had, surprisingly, resulted in reductions for some developed countries, owing perhaps to the lack of reliable data. Such data were, of course, a prerequisite for any study and for the calculations of the Committee on Contributions. The latter's views on the statistical base period, set out in paragraphs 52 to 54 of its report, were convincing, but a shorter period would make it easier to take into account economic changes which might affect assessments. However, since the longer period provided stability and continuity for all Member States, any proposal for change must be viewed with caution.

31. Where the scheme of limits was concerned, his delegation appreciated Japan's voluntary contribution of points to reduce the distorting effects, in accordance with the spirit of resolution 45/256 A. However, since the scheme brought substantial benefit to some countries, the Committee on Contributions should continue to try to modify it, but without raising the rates for developing countries. With regard to price-adjusted rates of exchange (PARE), it was pointed out in paragraph 64 of the report that some national exchange rates did not reflect changes in domestic prices and that their use might distort the capacity to pay. Member States must provide accurate information, and the Committee should endeavour to obtain reliable figures.

32. No methodology would ever satisfy all Member States, nor was any methodology perfect enough to warrant discontinuation of adjustments. The focus must therefore be on the interrelationship of the elements of the methodology and their performance in changing economic circumstances, with a view to producing a methodology which was fair and stable.

33. Ms. ROTHEISER (Austria) said that the scale of assessments must be just and acceptable to all and be based on verifiable and comparable data and capacity to pay. The new methodology adopted at the previous session amounted to little more than the old methodology retained as a political compromise and was considered inadequate in many respects. The Committee on Contributions should be mandated to prepare options for a new methodology which would better reflect capacity to pay.

34. The current long statistical base period provided stability and reflected a country's actual wealth. Any reduction in the period would benefit or disadvantage Member States randomly. However, the use of the 10-year base period rendered the scheme of limits superfluous and, by doubling the stabilizing effect, distorted the capacity to pay. The figures presented in annex VI to the report of the Committee on Contributions spoke for themselves,

(Ms. Rotheiser, Austria)

and the Committee's conclusion that it was premature to make a recommendation on the scheme of limits was therefore surprising. The debt adjustment approach did not reflect capacity to pay either, for it granted twofold relief regardless of whether efforts were being made to repay the debt. Although the resulting distorting effect was relatively small, with only 71 points redistributed, the calculation of debt relief should still be based on verifiable data. In the light of paragraph 49 of its report, the Committee on Contributions should carry out further research into the question of the variable impact of the ceiling rate.

35. The biggest redistribution of points resulted from application of the low per capita income allowance formula. Since the investments needed to achieve a satisfactory level of wealth reduced a country's capacity to pay, the formula was a useful instrument for differentiating between rich and poor countries. In resolution 45/256 A the General Assembly had requested the Committee on Contributions to adjust that element in accordance with the evolution of the average world per capita income until 1989, thus permitting different views as to the level at which the upper per capita income limit should be set. Both the argument that $2,600 came closest to the actual world average and the argument that historically the upper limit had stood higher than the world average were correct. In that connection, the second component of the upper per capita income limit, namely, the gradient, warranted more thorough consideration. The General Assembly would have to decide whether to accept the upper limit of $2,600 proposed by the Committee on the basis of a gradient of 85 per cent.

36. Turning to the new scale of assessments, she noted that four different exchange rates had been used in the calculation of national income. While the data were not fully comparable, the Committee should be commended for trying to apply realistic exchange rates. It should be able to use more uniform rates for future scales.

37. It was regrettable that the Committee had not fully complied with the criteria for ad hoc adjustment referred to in paragraph 3 of resolution 45/256 A and that it had not provided detailed information on its decisions in that regard. While appreciating Japan's voluntary contribution of points, her delegation shared the concern that large-scale mitigation undermined the principle of capacity to pay. Mitigation points could be regarded only as a temporary remedy for an unsatisfactory methodology.

38. Mr. MOULTRIE (Bahamas) said that, until the divergent views of Member States as to what determined a country's capacity to pay were addressed comprehensively instead of individually, they would always lead to contradictory, unsatisfactory and therefore contentious results. While, in general, the report of the Committee on Contributions faithfully reflected the terms of General Assembly resolution 45/256, he wished to share the views of his delegation on some of the conclusions and proposals of particular importance to the Bahamas.

(Mr. Moultrie, Bahamas)

39. Underlying all the queries and criticisms expressed in the Fifth Committee was a basic mistrust of the ultimate objectivity and fairness of the criteria used to determine the scale of assessments. In the view of his delegation, a country's general economic, social and structural development might prove a better indicator of its overall capacity to pay than national income. As requested in General Assembly resolution 45/256 A, consideration should be given to combining national income with the list of indicators suggested in paragraph 3 of resolution 43/223 B. To that list should be added an additional factor: income distribution in developing economies. When a large share of a country's income remained in the hands of a wealthy minority, it was necessary to modify the concept of national income to take that distribution into account. Under the current system, for example, his country's assessment failed to reflect the fact that the income of the wealthy minority invariably did not remain in the Bahamas.

40. His delegation was aware of the difficulties involved in implementing a scale of assessments from a development as opposed to a growth perspective. Those difficulties included the quantification of development indicators, the determination of the weights to be given to a particular or correlated set of factors, which was inevitably subjective, and the lack of complete, recent and comparable statistical data from many Member States, partly as a result of their differing statistical systems. To obviate such problems, it was necessary to reorder priorities and resources at both the national and the international levels and to change the approach to data collection. Until the aforementioned additional indicators could be statistically expressed, however, his delegation agreed that national income should continue to be used as the primary criterion for capacity to pay.

41. While national income was subject to adverse external forces such as inflation and currency fluctuations, the Committee's measures for mitigating such influences, including the use of statistical base periods of more than three years, were acceptable to his delegation. It should be recalled that those periods were used as a means of reducing the effects of short-term economic fluctuations and exchange rate movements. His delegation therefore believed that the current 10-year period should be retained until there was no longer a need for such a compensatory mechanism.

42. The ceiling and floor rates were another necessary compensatory mechanism, the elimination of which would further tip the scale in favour of the economically powerful Member States. His delegation encouraged the Committee on Contributions to continue to study the debt adjustment approach and alternative income concepts, which were significant to the provision of relief to many developing countries, including the Bahamas.

43. In his delegation's view, there was little to gain from adopting a scale for a period of less than three years. It hoped that, within that period, the Committee on Contributions would be able to complete the studies and negotiations necessary to refine the existing methodology so that the next

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scale would be more in keeping with the actual situation of Member States. That would also allow enough time for the Committee to analyse the data submitted and for Member States to do whatever was necessary to compile more recent and more complete statistics. The Fifth Committee should refrain from making the scale of assessments subject to annual review. What was required of it in the two years leading up to the scale year was to provide the Committee on Contributions with the guidance it needed to formulate the scale.

44. Finally, assessments should be considered as investments and it was up to the Fifth Committee to ensure that inequities in the scale of assessments did not contribute to the very problems those investments were intended to alleviate.

45. Mr. OSELLA (Argentina) agreed that it was logical to think that per capita income should not be the sole factor in determining capacity to pay. Over time, that fundamental criterion had been distorted and eroded by the addition of such factors as low per capita income allowances, the relief gradient, debt adjustment, the scheme of limits, floor and ceiling rates and ad hoc adjustments. While the methodology could undoubtedly be refined, in view of the limited time available, the Fifth Committee should not take upon itself the responsibilities of an expert body. It should instead confine itself to providing the Committee on Contributions with clear, precise and, if it so desired, mandatory guidelines.

46. The great error of the past in dealing with the scale of assessments had been to focus on the particular and lose sight of the whole - an especially dangerous tendency in a "zero-sum" game. For now, his delegation was prepared to accept the proposed scale for three years, on the understanding that future scales would reflect the real capacity to pay of Member States and would be fair, equitable, based on reliable data and, above all, transparent.

47. Mr. LAOUARI (Algeria) said that, despite much research over the years in response to the urgings of the General Assembly, the Committee on Contributions had been unable to achieve a universally acceptable methodology for accurately determining capacity to pay. The fact that the current methodology decreased the contributions of a number of developed countries to the detriment of middle-income developing countries such as Algeria amply demonstrated its inequitable nature. The 1988 scale of assessments had been adopted by consensus on the understanding that the Committee on Contributions would undertake an in-depth, comprehensive study aimed at improving that methodology. However, the scale of assessments proposed in the report of the Committee and addendum 2 thereto (A/46/11 and Add.2) did not differ fundamentally from preceding scales. Instead of taking bold, innovative measures, as his delegation had hoped, the Committee had based its work on the same discredited methodology - one that failed to take into account the growing gap between the developed countries, with their relatively stable growth rates, and the developing countries, whose development efforts were defeated by the crushing burden of their external debt, the drop in the prices

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of their raw materials and the devastating effects of various natural disasters.

48. Despite the inclusion of the new Member States, once again most of the upward adjustments would be borne by middle-income developing countries, while the downward adjustments would for the most part benefit developed countries. The Organization's inability to devise a methodology acceptable to all parties was perhaps due to the limitations inherent in the concept of national income, and Algeria continued to advocate the development of an alternative approach that, either separately or in combination with national income, would better reflect capacity to pay.

49. While recognizing the intent of the 10-year statistical base period - namely, to even out the impact of sudden or temporary economic changes and thus arrive at more realistic assessments - his delegation believed that the contributions of Member States should be based on their capacity to pay at the time of payment. It therefore favoured the use of a shorter base period for the purpose of determining assessments.

50. Under the current debt relief system, the debt adjustments of many countries were reduced or even cancelled by the redistribution of points required by application of the ceiling and floor rates. The solution might be to adjust for debt after application of the scheme of limits and to grant a greater percentage adjustment. Furthermore, as the debt relief system had been devised for the purpose of alleviating the burden of the most heavily indebted developing countries, the Committee on Contributions should be careful to limit such adjustments to those countries alone. His delegation agreed with the Committee's decision (A/46/11, para. 62) that it would be premature to make recommendations to the General Assembly regarding the scheme of limits and requested that, in its continuing consideration of that topic, it should take care to ensure that any changes in the formula did not increase the assessments of developing countries.

51. Until a fairer methodology could be developed, the practice of making ad hoc adjustments to mitigate any inequities should continue. That process should be flexible and should be based on transparent, uniform criteria. His delegation was dismayed to note that the number of countries offering points for the traditional ad hoc adjustments had shrunk considerably and that those points were apparently not being distributed according to the criteria established in paragraph 42 of the Committee's 1990 report (A/45/11).

52. With respect to the development of a fairer methodology, he would like to know what progress had been made in complying with the request contained in paragraph 3 of General Assembly resolution 43/223 B and reiterated in paragraph 3 (b) of resolution 44/197 A and paragraph 4 (g) of resolution 45/256 A.

53. The information meeting held by the Committee on Contributions during its fifty-first session had been a very positive step towards establishing a

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dialogue between the Committee and Member States. However, more was needed to ensure the transparency of the Committee's work. Perhaps the General Assembly should consider the possibility of authorizing representatives of States that were not members of the Committee on contributions to attend its meetings as observers. Otherwise, the information meetings should be institutionalized and improved so that interested delegations would have access to the necessary documentation and could keep themselves abreast of the work of the Committee.

54. Despite increasing economic and financial difficulties, occasioned by a considerable drop in its export revenues and its heavy external debt burden, Algeria's assessment had once again been adjusted upward. It was difficult to accept such regular increases, especially when Algeria's contribution was much greater than that of other African countries whose economies were essentially the same size. Nevertheless, his country remained firmly attached to the ideals and activities of the United Nations and had always taken a positive attitude towards its contribution. It continued to have faith that the Committee on Contributions would be able rapidly to develop a new, and improved methodology for determining the scale of assessments that met all the necessary requirements.

55. Mr. ROE (Republic of Korea) said that his country was fully committed to the purposes and principles of the United Nations and, as a newly admitted Member, it was prepared to contribute its share to the cost of the Organization in accordance with the principles applied universally to all Member States. The Committee on Contributions had decided to recommend that the assessment of the Republic of Korea should be more than tripled, to 0.69 per cent from its previous hypothetical rate of 0.22 per cent. Such a drastic increase was unprecedented in the history of the Organization. While the hypothetical rate for observer States was determined by the same methodology used to compute the assessment of Member States, the actual payment of non-Member States was only a small proportion of that rate. It was therefore natural for those States, upon gaining membership, to expect the actual assessment to increase to the full level of the hypothetical rate or to a similar level with necessary adjustments. However, to the surprise of his country, the Committee on Contributions had decided not to apply the scheme of limits to its assessment on the sole ground that the status of the Republic of Korea had fundamentally changed. That was an arbitrary exception and could not be considered fair. His country had long been a full member of a number of international organizations that had used the very same hypothetical rate to determine its membership assessment. It was absurd that, if the Committee's recommendation were accepted, his country's financial obligations to those organizations would more than triple without any change in its status in their regard. If a scheme of limits was to be applied, it should be applied universally, without regard to the exceptionally strong economic performance of a given country at a given point in time. As an observer State, his country had not been able to express its opinion during the meetings at which the Committee on Contributions had taken the decision in question, and it wished to make clear that the level and the logic of the proposed assessment rate were not acceptable.

56. Mr. AHMED (Iraq) said that the fundamental criterion for determining the scale of assessments was the capacity of Member States to pay. In performing its task for the period 1992-1994, the Committee on Contributions had used national income data for the years from 1980 to 1989 and the methodology described in document A/46/11. Iraq, which was well aware of the financial crisis of the United Nations and of the fact that the solution to it lay in the commitment of Member States to pay their assessed contributions, had always met its obligations in full. Since the imposition of the blockade on his country by the Security Council on 6 August 1990, however, all of its assets abroad had been frozen and it had suffered immense destruction from bombing and sabotage at home. Reports by visiting missions, such as those contained in documents S/22328 dated 4 March 1991, S/22366 dated 20 March 1991 and S/22799 dated 17 July 1991, confirmed that unimaginable damage had been done to the country's economic installations and infrastructure. In addition, the continuing blockade and the financial obligations imposed on Iraq by various Security Council resolutions further impaired its capacity to pay.

57. Iraq had tried to convey the facts about its post-war economic and financial state to the Secretary-General and the Security Council, but the Committee on Contributions had taken no account of its changed situation and had even increased its assessment from 0.12 per cent to 0.13 per cent. That was quite unrealistic. His delegation regretted that it would have to reject the assessment and hoped that the Fifth Committee and the General Assembly, recognizing that Iraq was prevented from paying its contribution by force majeure, would reconsider its assessment.

58. Mr. THIRUNAGARAN (Singapore) said that, since the report of the Committee on Contributions contained only a summary of its discussions, it was difficult for the Fifth Committee to examine it in detail. His delegation therefore proposed that Member States should endorse its recommendations. The dissatisfaction expressed by some Member States with the current methodology for the preparation of the scale of assessments could be met by assigning new directives to the Committee on Contributions in the resolution to be submitted to the General Assembly. The aim should be to refine the methodology so that it was clear, workable and acceptable to a large majority of Member States.

59. His delegation fully agreed that the scale of assessments should be based on the fundamental criterion of capacity to pay. In determining that capacity, it was important to address the specific economic problems which afflicted any particular group of countries, especially developing countries. His delegation also supported the proposal of the Committee on Contributions that the upper per capita income limit should be set at $2,600 and thought that the Committee should continue to apply the average world per capita income rather than some arbitrarily higher figure as the limit in future scale of assessments exercises.

60. The scheme of limits had been a controversial issue for many years but, as its major beneficiaries were developing countries, his delegation believed that it should be retained until alternative methods of avoiding sudden increases in the assessments for middle-income developing countries were

(Mr. Thirunagaran, Singapore)

found. The Committee on Contributions should be asked to study the problem in depth.

61. With regard to the ad hoc adjustments to the machine scale, Japan was currently the only voluntary contributor of points which Western countries had traditionally offered to assist the developing countries; his delegation applauded Japan's generosity. The effect of obtaining one mitigation point had been to halve the increase in Singapore's machine scale assessment from 18.2 per cent to 9.1 per cent. That was still a substantial increase for such a small country. The other major beneficiaries of the mitigation process were also developing countries which had suffered a two-point increase in their machine scale assessments and had been given a mitigation point each.

62. In conclusion, he said that the 10-year statistical base period introduced in 1981 had benefited Member States by providing continuity in scales of assessment and smoothing out economic fluctuations. Although some Member States would prefer a shorter base period, his delegation was sure that a large majority would support retention of the 10-year period. It also endorsed the recommendation of the Committee on Contributions that the new scale of assessments should be applicable for the three-year period - 1992-1994.

63. Mr. H. KABIR (Bangladesh) said that the report of the Committee on Contributions deserved careful consideration. With regard to the methodology used in drawing up the scale of assessments, his delegation believed that the existing system, although complex and in urgent need of refinement to take account of the legitimate concerns of Member States, was still a workable one.

64. With reference to individual elements of the system, his delegation believed that the 10-year statistical base period should be retained since a long base period might make the scheme of limits unnecessary by eliminating the impact of short-term economic fluctuations. On the other hand, it was surprised and dissatisfied that the Committee on Contributions had granted relief to a number of developed countries under the debt adjustment approach, contrary to the original intention that only developing countries burdened with large external debts should benefit. His delegation urged the Committee on Contributions to solve the problem as soon as possible. It also urged the Committee not to make any modifications to the scheme of limits that would result in increased assessments for developing countries. In that connection, it noted Japan's offer of 24 points to reduce the distorting effects of the scheme of limits and of a further 26 points for the traditional ad hoc adjustments to the scale of assessments, and hoped that other countries would be as generous. The process of mitigation played an important part in making the machine scale fair and equitable. It was to be hoped that information meetings such as the one organized by the Committee on Contributions in June 1991 would make the mitigation process more transparent and encourage Member States to offer more points for distribution than they had for the proposed new scale.

(Mr. H. Kabir, Bangladesh)

65. With regard to the appropriate level for the upper per capita income limit, his delegation hoped that consensus could be achieved. The usefulness of price-adjusted rates of exchange (PARE) in correcting inflation-related distortions could not be overemphasized and his delegation would await with interest the results of the Committee's continuing work on that issue.

66. As to the scale of assessments itself, the Committee on Contributions had done its best and his delegation would like to see a consensus achieved. The problem was a difficult one, and it was impossible to satisfy everyone. His delegation would approach the issue in a spirit of cooperation. It considered the recommendation that the new scale should be applied for the three-year period 1992-1994 to be reasonable, as it could offer stability and continuity to all concerned and a much-needed respite from contentious annual discussions.

The meeting rose at 6 p.m.